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SENATE BILL 1893 By
Jackson

HOUSE BILL 2059
By Tidwell

AN ACT to amend Tennessee Code Annotated, Title 5; Title 6;
Title 54; Title 55 and Title 67, relative to transportation
development and funding.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-3-1301, is amended by adding
the following new subsection:

(c) An additional privilege tax of five cents (5¢) per gallon is imposed upon all gasoline, fuel alcohol, and substitutes therefor, imported into the state; the tax being levied when the product first comes to rest in the state. The tax shall also be imposed on all gasoline or substitutes therefor refined, manufactured, produced, or compounded in this state, and thereafter sold, stored, or distributed in this state. This additional tax shall be collected and paid at those times, in the manner, and by those persons specified in this chapter. Notwithstanding the provisions of § 67-3-2001 or any other law to the contrary, the proceeds of the additional five-cent tax levied in this subsection shall be earmarked and allocated exclusively to the Rural Highway Development Program created in title 54, chapter 5, part 15.

SECTION 2. Tennessee Code Annotated, Section 67-3-1302, is amended by adding the following new subsection after subsection (b) and by relettering the remaining subsection appropriately:

(c) An additional use tax of five-cents per gallon is imposed upon all diesel fuel and all fuel other than gasoline that is suitable for use in a diesel-powered vehicle or which is used or consumed in this state to produce power for propelling motor vehicles; it being the purpose and intent of this subsection that the taxes being levied on taxable motor fuels under the provisions of this chapter are in fact a levy and assessment on the consumer, and the levy and assessment on other persons as specified in this chapter are as agents of the state for the collection of such tax. Notwithstanding the provisions of § 67-3-2005 or any other law to the contrary, the proceeds of the additional five-cent tax levied in this subsection shall be earmarked and allocated exclusively to the Rural Highway Development Program created in title 54, chapter 5, part 15.

SECTION 3. Tennessee Code Annotated, Section 67-3-2213, is amended by deleting that section in its entirety and by substituting instead the following language:

67-3-2213.

(a) A use tax is imposed on compressed natural gas used for the propulsion of motor vehicles on the public highways of this state at the rate of thirteen cents (13¢) a gallon. For the purpose of determining the tax on compressed natural gas, a gallon equivalent factor of five and sixty-six one-hundredths (5.66) pounds per gallon shall be used.

(b) An additional use tax is imposed on compressed natural gas used for the propulsion of motor vehicles on the public highways of this state at the rate of five cents (5¢) a gallon. For the purpose of determining the additional tax on compressed natural gas, a gallon equivalent factor of five and sixty-six one-hundredths (5.66) pounds per gallon shall be used. Notwithstanding the

provisions of § 67-3-2005 or any other law to the contrary, the proceeds of the additional five-cent tax levied in this subsection shall be earmarked and allocated exclusively to the Rural Highway Development Program created in title 54, chapter 5, part 15.

(c) Governmental agencies are exempt from the compressed natural gas tax imposed by subsections (a) and (b).

SECTION 4. Tennessee Code Annotated, Title 54, Chapter 5, is amended by adding the following new, appropriately designated part:

54-5-1501. This part shall be known and may be cited as the "Rural Highway Development Program".

54-5-1502. It is the legislative intent that the state allocate and devote resources to the development of highways in rural areas of the state. Such development shall be designed to create greater ease of transportation and convenience for citizens of rural areas and persons traveling in those areas, industrial development, and economic growth. The program shall be operated in a fair and equitable manner with allocation of resources to meet rural highway development needs in each grand division of the state.

54-5-1503. The department shall develop a plan for implementation of the Rural Highway Development Program. Such program shall be implemented, and a report on the implementation made to the general assembly, by March 1, 2004. Each year following implementation, the department shall report to each member of the general assembly through the speaker of the senate and the speaker of the house of representatives, respectively, on the status of the program including, but not limited to, a list of ongoing and proposed highway projects under such program.

SECTION 5. The commissioner of revenue is authorized to promulgate rules and regulations to effectuate the purposes of sections 1, 2, and 3 of this act. All such rules and

regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 6. The commissioner of transportation is authorized to promulgate rules and regulations to effectuate the purposes of section 4 of this act. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 7. This act shall take effect July 1, 2003, the public welfare requiring it.